

**ANALYSIS OF THE INFLUENCE OF PRICE AND SERVICE ON
PURCHASE DECISIONS IN PRODUCT QUALITY MEDIA WOOD
PROCESSING “UD APID JAYA FURNITURE” DISTRICT
LAMONGAN**

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ABSTRACT

This study aims to analyze the effect of price and service on purchasing decisions with product quality as a mediating variable in the wooden furniture processing business UD. Apid Jaya in Lamongan Regency. The background of this study is based on the importance of understanding the factors that influence consumer decisions in choosing furniture products, especially in terms of price, service, and product quality. This study uses a quantitative approach with the Partial Least Square-Structural Equation Modeling (PLS-SEM) analysis method. The research sample consisted of 109 respondents who were consumers of UD. Apid Jaya. The results of the study indicate that price and service have a positive and significant effect on product quality, and product quality has a positive and significant effect on purchasing decisions. In addition, price and service also have a significant effect on purchasing decisions both directly and indirectly through the mediation of product quality. This study concludes that product quality plays an important role in strengthening the relationship between price and service on consumer purchasing decisions. These findings are expected to be strategic input for wooden furniture business actors in increasing competitiveness and customer satisfaction.

INTRODUCTION

Along with the development of the times, business competition and rivalry are also getting tighter. Companies are required to meet every need of consumers with innovation and also improve superior products. Companies must also have a competitive spirit by always trying to show consumers that every product or service produced by the company has a fair or appropriate price. Tjiptono (2008). Nowadays, consumer desires are increasingly varied so that companies must be able to adapt by implementing the right marketing strategy to meet consumer needs. Buchari Alma (2013:96) states that consumer purchasing decisions are influenced by several things including economics, finance,

technology, politics, culture, product quality, price, location, promotion, physical evidence, people and process.

Service quality is one of the factors that can attract and influence consumers. Service in this context includes several details that need to be considered such as speed, convenience, relationships, abilities and friendliness towards consumers. Kusumaningra & Putra (2022) explain that service quality is dynamic and closely related to products, services, people, processes and the environment where the assessment of quality is determined when the service is provided.

In addition to service quality, price factors are also things that companies must pay attention to, especially if the company wants to grow and progress. Companies must be able to provide quality products but at low prices to compete in the market. According to Yanti (2020), price is defined as a competitive factor in product marketing, where companies compete to offer prices that can attract consumers to buy. However, the important thing in determining prices is consistency in marketing strategies.

Lately, many companies have developed in the community. These companies generally provide basic necessities including clothing, housing including equipment and food. Furniture companies are one of the companies that are consistent with the development and progress of the times. Furniture is a business activity that provides various wood products needed by the community. The consistency of this type of business is with the ability to adapt to market developments and demands. In addition, the craft products produced also have their own value and uniqueness because they have natural but elegant beauty, are environmentally friendly and suitable for any need.

UD APID JAYA Company is one of the business activities engaged in the furniture industry. In its efforts to survive in the furniture industry along with competitive pressures, this company is required to maintain or even improve the quality of service, price compliance and service quality in order to attract purchasing decisions that can increase the company's profits. Based on the description of this, this study was conducted with the aim of reviewing the influence of price and service on purchasing decisions in the mediation of product quality in wood processing "MEBEL UD APID JAYA" Lamongan Regency.

RESEARCH METHODS

This research was conducted at UD APID JAYA with a quantitative approach. UD APID JAYA is a micro industry engaged in furniture or wood-based crafts. The data used in this study were questionnaire data which were then processed and analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method. The population in this study included 150 consumers of UD APID JAYA. The sample was determined using the Slovin formula with an error tolerance of 5% so that the sample in this study was 109 people.

RESULTS AND DISCUSSION

Outer Model

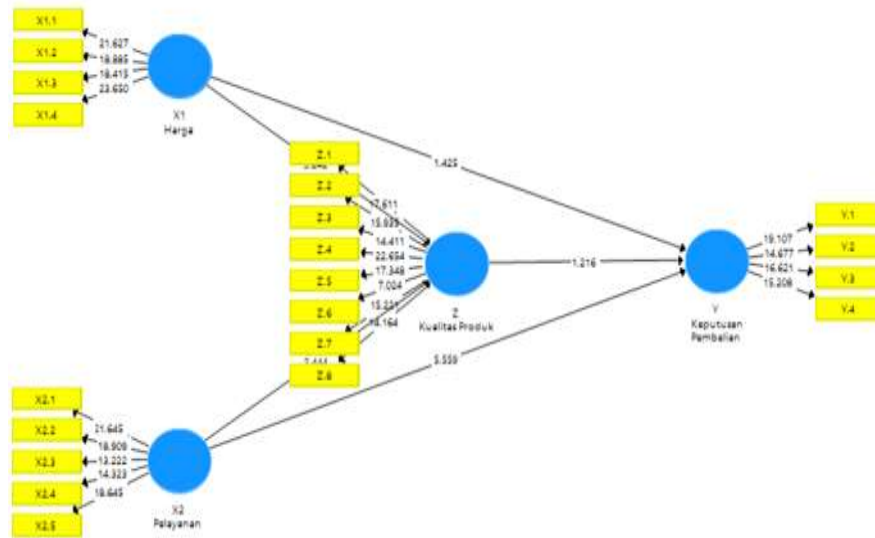
Measurement Model (Outer Model) is an assessment intended to test the validity and reliability of a research construct. There are two validity tests used in PLS including Convergent Validity and Discriminant validity. Pointers can be said to meet merged legitimacy in case the cross stacking esteem is > 0.70 as well as the level of legitimacy. Whereas the Normal Fluctuation Extricated (AVE) esteem is > 0.50 . For Legitimacy Evaluation, the esteem of cross stacking and Fornell Larcker measure or HTMT > 0.70 , whereas the most elevated esteem isn't permitted to be lesser than other values (Muhtarom, et al, 2022).

Table 1 Validity and Reliability Test Results

Variable	Indicator	Loadings	Composite Reliability	Cronbach' Alpha	AVE
<i>Harga (X1)</i>	X1.1	0.829	0.912	0.938	0.792
	X1.2	0.892			
	X1.3	0.877			
	X1.4	0.898			
	X1.1	0.829			
<i>Pelayanan (X2)</i>	X2.1	0.853	0.915	0.936	0.747
	X2.2	0.870			
	X2.3	0.852			
	X2.4	0.861			
<i>Keputusan Pembelian (Y)</i>	X3.1	0.882	0.882	0.919	0.739
	X3.2	0.846			
	X3.3	0.858			
	X3.4	0.851			
<i>Kualitas Produk (Z)</i>	Z1.1	0.865	0.944	0.954	0.721
	Z1.2	0.837			
	Z1.3	0.862			
	Z1.4	0.895			
	Z1.5	0.856			
	Z1.6	0.765			
	Z1.7	0.862			
	Z1.8	0.845			

The results of the validity and reliability tests on the Harga(X1), Pelayanan(X2) Keputusan Pembelian(Y), and Kualitas Produk(Z) variables, show that all of these variables are declared valid and reliable.

Inner Model



Picture 1 Structural Model

This model is also used to view and analyze existing values. In the inner model, researchers use the R-Square test. The R-Square value is used to measure the level of variation in changes between variables with the following results:

R-Square

Table 2 R-Square Test

	<i>R-square</i>	<i>R-square adjusted</i>
Keputusan Pembelian (Y)	0.854	0.850
Kualitas Produk (Z)	0.686	0.680

The R-square test results show that the Y1 variable has an R-square value of 0.854, meaning that 85.4% of the variability of Y1 is explained by the independent variables in the model. Meanwhile, the Z1 variable has an R-square value of 0.686, meaning that 68.6% of its variability is also explained by the model. The adjusted R-square value that is close to R-square indicates a good and stable model without overfitting. Overall, the model has strong predictive ability against endogenous variables.

Hypothesis Test

The next step in this analysis is a hypothesis test that can be done based on the path coefficient table of the bootstrapping technique results in the SmartPLS 3.0 program. done by comparing the critical value of the T-statistic exceeding the critical value of the T-table and checking whether the P-Value is less than 0.05. the critical value of the T table is confirmed to be 1.658 with the calculation of the applicable formula.

Tabel 3 Hypothesis Test

Variable	Coefficient	P value	T-Statistic	T-tabel
Harga (X1) -> Keputusan Pembelian (Y)	0.169	0.155	1.425	1.658
Harga (X1) -> Kualitas produk (Z)	0.481	0.001	3.242	1.658
Pelayanan (X2) -> Keputusan Pembelian (Y)	0.633	0.000	5.559	1.658
Pelayanan (X2)-> Kualitas produk (Z)	0.384	0.015	2.444	1.658
Kualitas produk (Z)-> Keputusan pembelian (Y)	0.172	0.225	1.216	1.658
Harga (X1) -> Kualitas produk (Z)-> Keputusan pembelian (Y)	0.083	0.287	1.065	1.658
Pelayanan (X2)-> Kualitas produk (Z)-> Keputusan pembelian (Y)	0.066	0.386	0.868	1.658

DISCUSSION

Hypothesis 1: Price on Purchasing Decisions

The results show that the relationship between Price and Customer Satisfaction has a positive and insignificant effect. This is in accordance with the coefficient value of 0.169, more than 0.000: positive, P value of 0.155 more than 0.05: not significant, and T-statistic of 1.425 < T-table 1.658. This indicates that price has not been proven to increase customer purchasing decisions. This is in contrast to research from Molanda, et al (2021) which shows the results of the study that price has a positive effect on purchasing decisions.

Hypothesis 2: Price to Product Quality

The results show that the relationship between Price and Product Quality has a positive and significant effect. This is confirmed by the coefficient value of 0.481 more than 0.000: positive, P value of 0.001 less than 0.05: significant, and T-statistic value of 3.242 exceeding T-table 1.658. This indicates that price can guarantee the quality of the product offered.

Hypothesis 3: Service for Purchasing Decisions

The results show that the relationship between service and purchasing decisions has a positive and significant effect. This is confirmed by a coefficient value of 0.633 more than 0.000: positive, a P value of 0.000 less than 0.05: significant, and a T-statistic of 5.559 (exceeding the T-table of 1.658). This indicates that service has been proven to increase customer purchasing decisions. This is also confirmed by research from Afifi & Widodo (2021) which shows that service has a positive influence on purchasing decisions.

Hypothesis 4: Service to Product Quality

The results show that the relationship between service and product quality has a positive and significant effect. This is evidenced by the coefficient value of 0.384 exceeding 0.000: positive, P value of 0.015 less than 0.05: significant, and T-statistic of 2.444 exceeding T-table 1.658. This indicates that service has been proven to increase product quality.

Hypothesis 5: Product Quality on Purchasing Decisions

The results show that the relationship between product quality and purchasing decisions has a positive and insignificant effect. This is evidenced by a coefficient value of 0.172 exceeding 0.000: positive, a P value of 0.225 more than 0.05: not significant, and a T-statistic of 1.216 less than the T-table of 1.658. This is also confirmed by research from Mokodompid et al (2022) which explains that product quality has a positive influence on purchasing decisions.

Hypothesis 6: Price on Purchasing Decisions is Mediated by Product Quality

The results show that the relationship between price and purchasing decisions is mediated by product quality which has a positive and insignificant effect. This is evidenced by the coefficient value of 0.083 exceeding 0.000: positive, P value of 0.287 more than 0.05: not significant, and T-statistic of 1.065 less than T-table 1.658. This is also confirmed by research from

Hipotesis 7 : Service to Purchasing Decisions is Mediated by Product Quality

The results show that the relationship between service and purchasing decisions is mediated by product quality which has a positive and insignificant effect. This is evidenced by the coefficient value of 0.066 exceeding 0.000: positive, P value of 0.386 more than 0.05: not significant, and T-statistic of 0.386 less than T-table 1.658. This is also confirmed by research from

CONCLUSION

Based on the results of data analysis using the Partial Least Square Structural Equation Modeling (PLS-SEM) method, several important conclusions were obtained. First, the price variable is proven to have a positive but insignificant effect on purchasing decisions, which indicates that although price influences, its influence is not strong enough to be a determining factor in consumer decisions. However, price has a positive and significant effect on product quality, which means that the higher the perception of price, the higher the perception of product quality. Second, service has a positive and significant effect on purchasing decisions, which indicates that the better the service provided, the more likely consumers are to make a purchase. In addition, service also has a positive and significant effect on product quality, which means that service quality also shapes consumer perceptions of the quality of the products offered.

Third, product quality has a positive but insignificant influence on purchasing decisions. This shows that although product quality is important, consumers in the context of this study do not make quality the main factor in purchasing decisions. Fourth, the product quality variable is not able to significantly mediate the relationship between price and purchasing decisions or between service and purchasing decisions. Although the direction of the mediation relationship shows a positive influence, it is not statistically significant. This shows that the role of product quality as a mediating variable in this model is not strong enough. Overall, the results of this study confirm the importance of service as a key factor influencing purchasing decisions, both directly and through perceptions of product quality, while the influence of price and product quality is more limited in influencing consumer decisions.

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